

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

July 28, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Lee, Mosher, and Noble

ABSENT: Councilmember Davidson

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 40 minutes to discuss one item of property acquisition and one item of labor negotiations.

The Study Session resumed at 7:05 p.m. with Mayor Marshall presiding.

2. Oral Communications: None.

3. Study Session

(a) Council New Initiatives

No new initiatives were discussed.

(b) Special Achievement in GIS Award to City by Environmental Systems Research Institute (ESRI)

City Manager Steve Sarkozy asked Jubal Harpster, GIS (Geographical Information System) Web Developer, to describe the award presented to the City. Mr. Harpster explained that the City received the *Special Achievement in GIS* award from the Environmental Systems Research Institute (ESRI) earlier this year. The award recognizes the Land Information System Project, which integrated address information and property data formerly in multiple systems throughout the organization.

Mayor Marshall thanked Mr. Harpster for sharing information on his work and the award.

Responding to Mr. Sarkozy, Mr. Harpster said the system provides a solid foundation for other web projects such as online permitting, the economic development web page, and Parks Department class registration.

Mayor Marshall noted the many awards received by the City, which is a positive reflection of staff's excellence.

(c) NE 29th Place Connection Project

Transportation Director Goran Sparrman recalled that the City terminated its contract for the NE 29th Place Connection project on July 15 due to unforeseeable situations and technical changes. He noted the need to stabilize the site and repackage the contract for the rebidding process.

Assistant Transportation Director David Berg described the need for safety and erosion control measures on the site to protect the wetlands over the winter. The state Department of Ecology and Department of Fisheries visited the site last week to discuss the City's plan with staff. The Department of Fisheries has suggested additional measures to control water runoff. The first option is to direct four outfalls into a large pipe leading to a regional detention facility, which then filters the water through a mechanical system, as a temporary measure for the next 10 months. The estimated cost is \$280,000. The second option is to authorize an emergency contract to build a permanent relocated stream along NE 24th Street as well as two of the walls needed where NE 29th Place will meet NE 24th Street. The estimated cost of this option is \$500,000. Staff plans to proceed with the second option as the most cost-effective and permanent solution.

Responding to Councilmember Mosher, Mr. Sparrman said the work was included in the original project scope of work.

Deputy Mayor Degginger commended staff for taking the necessary measures to stop contract work and ensure the project is completed correctly.

- (1) Resolution No. 6884 finding the existence of an emergency situation and ratifying the award of an emergency public works contract without competitive bidding to maintain and stabilize the project site for the NE 29th Place Connection project.
- (2) Resolution No. 6885 authorizing execution of a consultant agreement with Jacob's Civil, Inc. to provide engineering services to revise the original plans, specifications, and estimates to reflect the construction work remaining to complete the NE 29th Place Connection project.

➡ Deputy Mayor Degginger moved to approve Resolution No. 6884 and Resolution No. 6885, and Mr. Mosher seconded the motion.

➡ The motion to approve Resolution No. 6884 and Resolution No. 6885 carried by a vote of 6-0.

(d) New City Building – Scope, Preliminary Budget, and Finance Plan

Mr. Sarkozy introduced discussion of several resolutions related to redevelopment of the New City Building.

Planning and Community Development Director Matt Terry reviewed the changes made as a result of Council's discussion at the July 21 Study Session. The architectural agreement has been modified to incorporate Council direction regarding a professional liability policy for the project. The resolution approving the architectural contract has been modified to give the City Manager authority to approve amendments for additional services up to an aggregate of \$750,000 but not more than \$50,000 per occurrence.

Mr. Terry reviewed the three actions before Council tonight. The first is a resolution to approve the scope, preliminary budget, and finance plan for the New City Building redevelopment project. He noted the project is at the 50-percent schematic design phase, and the budget could change once design is completed over the next few months. An updated budget will be presented for Council approval in November. The Finance Plan will also continue to evolve as details regarding bond financing and other issues are worked out.

The second resolution approves the sale and lease back of the current City Hall campus. The City has received an offer to purchase the property for \$24.6 million. The new owner will lease the facilities to the City until employees are moved to the new building, which is scheduled to occur by March 2006. The third resolution approves the architectural contract.

Responding to Mr. Degginger, Mr. Terry reviewed the contingencies contained within the budget: 8 percent construction contingency, 10 percent design contingency, and 7 percent soft cost contingency.

Responding to Mr. Lee, Mr. Terry said the original budget for furniture and fixtures was \$5.8 million. An analysis determined that approximately 25 percent of the current furniture and fixtures can be reused and therefore this line item was reduced to \$4.5 million.

Responding to Mr. Creighton, Mr. Terry said the purchase agreement for the current City Hall campus includes the condition that auto sales are permitted on the site. Council is not obligated to make this change, but the sale will be terminated if the change is not made. Mr. Terry said the agreement specifies that the sale will close at the end of this year and the site will be leased back to the City through March 2006, if necessary. He noted this date is considered achievable and conservative rather than aggressive. There is an option to extend the lease an additional six months at market rates if needed.

Mayor Marshall said the Planning Commission is currently reviewing the proposal to rezone the City Hall campus for auto use. She explained that an auto dealership will generate sales tax revenue for the community, and the use will generate less traffic than other potential uses such as a large retail store.

Mr. Terry added that other uses were discussed including office and educational institutions. An analysis of the number of trips to be generated by each use showed that an auto dealership will generate the least number of new trips.

- (1) Resolution No. 6881 establishing a Scope of Work and Preliminary Budget for the improvements to be made to the New City Building (the Project); and approving the Finance Plan for the project.

➡ Mr. Mosher moved to approve Resolution No. 6881, and Mr. Noble seconded the motion.

Mr. Mosher described this action as the opportunity for City Hall to become part of the downtown community. He feels the budget provides a high-quality project without wasting funds. He noted the recommendation by the Technical Advisory Committee to move quickly and take advantage of a favorable financing market. He looks forward to consolidating City operations into one facility.

Mr. Lee feels this is a milestone event in the City's history. He supports the need to provide improved public safety facilities and a centralized City Hall that will serve the community into the future.

Mr. Creighton is pleased the City had the foresight to save money during good times, which now enables the City to embark on this large project at a time when construction costs and interest rates are down.

Mr. Noble expressed support for the project.

➡ The motion to approve Resolution No. 6881 carried by a vote of 6-0.

- (2) Resolution No. 6882 authorizing the City Manager or his designee to execute agreements for the sale and lease back of the land and buildings known as the City Hall Campus, including the City Hall building, the Leavitt building, and the Police Administration building.

➡ Deputy Mayor Degginger moved to approve Resolution No. 6882, and Mr. Creighton seconded the motion.

➡ The motion to approve Resolution No. 6882 carried by a vote of 6-0.

- (3) Resolution No. 6883 authorizing the City Manager or his designee to execute an Architectural Services Agreement with SRG Partnership to provide architectural services to the City, including but not limited to design and engineering services in the development and construction of the New City Building; to execute amendments to the Agreement to specify additional services to be performed by the Architect and the amount of compensation therefore; to execute amendments to the Agreement to authorize expenditure of the Project Design Contingency

and to specify the purposes therefore; and to purchase a project-specific Professional Liability Insurance Policy for the project.

- ☛ Deputy Mayor Degginger moved to approve Resolution No. 6883, and Mr. Mosher seconded the motion.

Responding to Mr. Lee, Mr. Terry said the City Manager's authority in approving contracts for additional services is consistent with the City's practices for other contracts.

- ☛ The motion to approve Resolution No. 6883 carried by a vote of 6-0.

Mayor Marshall thanked Mr. Terry for his extensive work on this project.

(e) Regional Issues

Utilities Director Lloyd Warren introduced Pam Bissonette, Director of King County Department of Natural Resources and Parks. Ms. Bissonette introduced Assistant County Executive Rod Brandon, Grover Cleveland (Department of Natural Resources and Parks), and Theresa Jennings, King County's new Solid Waste Division Director.

Ms. Bissonette provided a presentation on the King County solid waste initiative and business plan. The Comprehensive Solid Waste Management Plan was adopted by the King County Council in 2001 and by the Department of Ecology in May 2002. When the plan was adopted, the King County Council directed staff to develop a Waste Export Implementation and Coordination Plan, or business plan. The solid waste initiative was created in the process of developing this plan.

The goals of the business plan are to provide citizen access to efficient and reliable services, reasonable rates, and environmental stewardship. This will be accomplished through efficient transfer and disposal services until the Cedar Hills Landfill is closed. King County intends to privatize disposal services after the landfill is closed, promote efficiencies in collection, and continue its efforts in environmental stewardship. Ms. Bissonette distributed handouts about the Factoria Transfer Station. She explained that Cedar Hills Landfill provides the lowest disposal rates in the region but it is expected to reach capacity in 2012. King County staff are planning for the privatization of disposal services beyond 2012.

Ms. Bissonette said consultants have been hired to help the County structure the privatization plan in a manner that will promote competition in the private solid waste market and improve efficiencies. Three private firms currently control 66 percent of the national landfill capacity. Two companies, Allied Waste and Waste Management, collect 78 percent of the waste generated in King County. Ms. Bissonette said the City of Seattle has been involved in direct waste export for many years. Competitive procurement in New York resulted in 50 percent savings on the first solicitation and an additional 25 percent in a subsequent solicitation.

Ms. Bissonette said one option is to close the Cedar Hills Landfill and build another landfill, at an estimated cost exceeding \$100 million. The least expensive option is to encourage more

disposal companies to enter the competitive market. Three companies have contacted the County recently indicating an interest in providing disposal services if they could have access to an intermodal facility. Experts have advised the County to maintain consolidation of the waste stream. King County has talked with Snohomish County and the City of Seattle about combining waste for bidding purposes.

Mr. Cleveland explained that there is limited intermodal capacity within the region. King County's exported waste will add 1.7 million tons annually to the disposal stream. Existing solid waste intermodal capacity is tied up by Allied Waste and Waste Management. The County's consultants have recommended the creation of a publicly owned and operated intermodal facility. King County is in the process of acquiring the Fisher Mill Site on Harbor Island, which provides rail and barge access. The City of Seattle is also interested in the creation of an intermodal site and has an option to purchase the site immediately north of the Fisher Mill Site. King County will proceed with a formal siting study, project scoping, and environmental review.

Mr. Cleveland said King County is committed to funding the intermodal facility without raising customer rates above those specified in the 2001 Comprehensive Solid Waste Management Plan. The goal is to reduce disposal rates through increased competition. The County will identify and implement operational efficiencies in the Solid Waste Division as well.

Mr. Cleveland distributed handouts depicting solid waste tonnage for the Factoria Transfer Station and other facilities. He noted that volumes of solid waste received after 2:00 p.m. are very low at most urban transfer stations. The County is proposing to close Cedar Hills Landfill on Sundays, which would generate significant savings without affecting the public. Performance measures to guide operational decisions include tons per hour, the percent of curbside collection, and cost per ton. Mr. Cleveland said the County would like to provide incentives to cities and customers to increase curbside collection because it is more cost efficient.

Mr. Cleveland said the County is refocusing its recycling efforts to enhance efficiency. The County will continue its commitment to grant funding, potentially targeted to provide incentives for efficiency and improved business practices. The County's partnerships with cities will focus on promoting curbside collection as well as a list of potential operational improvements and cost savings.

Ms. Bissonette reviewed upcoming opportunities for cities to provide input through the end of the year, which includes discussions with city officials. The Phase I Solid Waste Division Business Plan will be released in September along with the Solid Waste Omnibus Ordinance. The ordinance is intended to create efficiencies by authorizing the King County Executive to make certain decisions, such as a change in operating hours for a facility based on the volume of business. The draft Solid Waste Export Implementation Plan and the 2004 Solid Waste Division Budget will be completed in October. The intermodal facility siting study and environmental review process will occur in 2004 along with further development of the Solid Waste Export Implementation Plan.

Mr. Noble noted that the Solid Waste Division is operating with adequate funding while King County overall is experiencing a budget deficit. He is concerned with recent news that the

County wants to charge the Solid Waste Division rental fees for Cedar Hills Landfill. Ms. Bissonette said the rental obligation dates back to 1992, when the utility ceased paying rent, and extends to 2012, when the landfill is to close. Unpaid rent since 1992 will be discounted by half.

Responding to Mr. Noble, Ms. Bissonette said there was no contract in reference to the rent obligation. However, she signed one this year. She described it as an operational issue rather than a policy issue.

Mayor Marshall noted that King County originally paid rent to the State because they owned the landfill. After the State gave the site to King County, the County decided to charge its own utility for the land, which was donated by the State and already paid for by taxpayers. Ms. Bissonette said it is legal for the County to charge the rent. Mayor Marshall questioned the benefit to citizens who originally paid for the site and are now paying rent for the same site.

Deputy Mayor Degginger expressed disappointment that King County is using the asset, already paid for by citizens, to generate a new revenue stream. In reference to the solid waste business plan, he questioned whether the County's consultants considered the option of allowing all cities to contract openly in the market for solid waste services. Ms. Bissonette said the option was considered. However, the consultants recommend consolidation versus fragmentation of the solid waste business in terms of achieving the best price for the region as a whole.

Mr. Lee commended King County for its efforts toward privatization. Responding to Mr. Lee's request for clarification, Mr. Cleveland said the intermodal facility moves containers from trucks to trains, so the transportation will be privatized via the railroads. Disposal will occur at private landfills. The intermodal facility will employ approximately 10 percent of the staffing needed for the landfill. In further response to Mr. Lee, Ms. Bissonette said the 2004 County budget proposes the elimination of 90 positions, which represents approximately 20 percent of the work force. The eventual closing of Cedar Hills Landfill will result in the elimination of a similar number of staff positions.

Mr. Lee would like to see a benefit for Bellevue and other cities from the cost savings to be achieved through privatization. Ms. Bissonette said the Comprehensive Solid Waste Management Plan includes a commitment to specific rates through 2018. The County hopes to be able to lower projected rate increases with the anticipated savings, which will benefit ratepayers.

Mr. Noble questioned whether anticipated cost savings could result in future rate decreases. Ms. Bissonette said transfer stations and equipment need to be upgraded to accommodate future plans for compacting and exporting waste and to realize efficiencies. These capital improvements will offset cost savings.

Responding to Mr. Creighton, Ms. Bissonette noted plans to upgrade the Kirkland Transfer Station. However, some citizens are urging the County to close the station. Staff members are exploring alternatives, including the possible addition of a new Eastside station, but no decision has been made. Staff plans to analyze the intermodal facility within the context of all transfer stations. Ms. Bissonette reiterated the County's interest in providing incentives to encourage

more curbside collection.

Mayor Marshall noted the impact to city streets from heavy trucks accessing the transfer stations. Ms. Bissonette said the County has plans to negotiate a host city mitigation fee in direct response to this and similar issues.

Responding to Mayor Marshall, Ms. Bissonette said the City of Seattle will have to pay for environmental cleanup of the Lockheed site on Harbor Island, adjacent to the County's newly purchased site. If the two jurisdictions eventually collaborate for waste export, it will be in the areas of capital facilities and operations.

Mayor Marshall expressed concern with the tentative language in the intermodal site plan including the prevalence of terms such as "potentially able," "likely outcome," "could," and "may benefit ratepayers." She questioned whether the assertions will be supported with research, analysis, and data. Ms. Bissonette said additional research is planned over the next 12 to 18 months.

Mr. Lee summarized his concern about King County's management and movement of funds.

Mr. Sarkozy asked Ms. Bissonette to provide information regarding the County's past landfill rental payments to the State as well as the Solid Waste Division's rate structure since the mid-1980s.

Mayor Marshall thanked Ms. Bissonette for the presentation. At 9:03 p.m., Mayor Marshall declared a break. The meeting resumed at 9:12 p.m.

Diane Carlson, Director of Intergovernmental Relations, noted packet materials regarding the King County Governance Commission and the Budget Advisory Task Force report. The report includes issues raised by cities including the urban subsidy. Some of the task force's issues will be addressed in the County Executive's budget and additional issues will be handled by the King County Governance Commission. The Commission's work will proceed through four phases:

- 1) What services are to be provided by King County?
- 2) How should services be provided? Are any employment policy changes necessary to implement the service provision recommendations?
- 3) How should services be funded? Are there any recommendations to the current expense or dedicated revenue sources?
- 4) Governance structure recommendations.

Ms. Carlson requested Council's feedback on the draft interest statement and the draft matrix of King County Governance Commission issues provided in the Regional Issues packet.

Mayor Marshall questioned why the Sheriff's budget is so large considering that most of the county is incorporated and served by municipal police departments. She feels economic development is more appropriate in the private sector rather than under county government. She questioned whether owning an airport and Harborview Hospital is the best use of taxpayers'

money. In reference to the proposal to expand the use of REET (real estate excise tax) revenues, Mrs. Marshall prefers to maintain current policies for the use of these funds. She would like to see a thorough evaluation of enterprise funds and an emphasis on long-term, regional solutions. She supports the reduced jail health care budget. Mayor Marshall feels the Budget Advisory Task Force report is one of the best overviews of the King County budget she has read.

Deputy Mayor Degginger sees the potential for benefits and efficiencies in contracting and reverse contracting practices discussed in the report.

Noting page 48 of the Regional Issues packet, Mayor Marshall said items 9 and 11 should be linked together. She feels if the State mandates court operations and judges, it should also support judges' salaries. She suggested adding this issue to Council's state legislative agenda next session and working with the Association of Washington Cities to influence a change.

Police Chief Jim Montgomery commented on his participation with the King County Budget Advisory Task Force, which was directed to focus on the County's current expense (CX) fund. The task force expanded its review to all funds. Chief Montgomery encouraged Councilmembers to forward any comments or suggestions to him and Ms. Carlson. He feels there is merit in the suggestion that King County contract with cities for police services.

Mr. Mosher expressed concern that service contracts with cities in unincorporated areas could reduce the incentive for these areas to annex into cities.

Moving to discuss District Court services, Ms. Carlson said County Executive Sims has agreed to set up negotiation meetings with cities beginning July 29. Noting the draft principles for District Court negotiations on page 52 of the Regional Issues packet, Mr. Noble expressed concern about the oversight committees suggested in item 2(b). He is concerned about the cost and benefits associated with these committees. Following brief comments by Council, Mayor Marshall noted consensus support for the negotiating principles.

Turning to page 53, Ms. Carlson noted Mayor Marshall's request to add language regarding Boeing's philanthropic work to the resolution in support of attracting the Boeing 7E7 project to this region.

Moving on to federal legislative issues, Franchise Manager David Kerr noted recent media coverage about Olympic Pipe Line Company's lawsuit against the cities of Seattle and Federal Way. Neither city has a current franchise with the company. Bellevue is a member of the City and County Pipe Line Safety Consortium, and several member cities of the consortium have lapsed or expired franchises with Olympic Pipe Line Company. Mr. Kerr said it is unusual for a pipe line company to allow the lapsed franchises.

Mayor Marshall suggested working through the Association of Washington Cities to coordinate concerns on this issue with the state legislature. Mr. Mosher cautioned that bankruptcy is possible. Mayor Marshall said Olympic Pipe Line Company has not put promised measures into place.

(f) Preannexation Zoning and Proposed Development Agreement for Unincorporated Land Known as the Tax Lots in Bellevue's Potential Annexation Area (PAA)

Planning and Community Development Director Matt Terry noted the location of the tax lots near the Pinnacle subdivision on Cougar Mountain. The property is within the City's potential annexation area (PAA) and has been the subject of annexation discussions for the past 10 years. Annexation is typically a straightforward process. However, this particular property does not lend itself to the normal process.

Mr. Terry displayed a map of the tax lots, which were divided through a tax segregation process in the 1950s. Property owners and King County have taken the position that these lots are legal building lots for purposes of development. The City of Bellevue has issued certificates of water and sewer availability, but the certificates are conditioned upon annexation. Despite the condition on Bellevue's certificates, King County has issued building permits on four lots. King County's position is that Bellevue is obligated to provide the utility services regardless of the condition on the certificates.

Mr. Terry explained that the properties could be developed under King County's regulations without substantial improvement to existing infrastructure including dirt roads and a lack of environmental controls. Developers have obtained permits from King County to clear virtually all trees from the site, which would not be allowed under Bellevue's regulations. Property owners will consider annexing into Bellevue only if the City agrees to density limitations exceeding those described in the Comprehensive Plan and with some modifications to Bellevue's development standards. Litigation has been initiated in this matter. A public hearing is scheduled to solicit comments.

Kate Berens, Legal Planner, said staff members have been working with property owners to reach an acceptable compromise. The proposed Development Agreement applies Bellevue's development standards and regulations to this property and includes a requirement that property owners go through the subdivision process with the City's Hearing Examiner.

Ms. Berens noted areas on the map in which the property owners are not involved in discussions with the City. The proposal would provide a maximum of 99 lots on the properties controlled by those negotiating with the City. The remaining properties could be developed as 30 lots, for a total of 129 lots. In contrast, if the area were to annex into the City under R-1.8 (1.8 units per acre) zoning, 85 to 113 lots could be developed depending on whether the developer chose the subdivision process or the PUD (planned unit development) process.

Ms. Berens said the other major deviation from Bellevue's regulations relates to retained vegetation areas (RVAs). In this type of subdivision, the City would typically examine the site's slopes and calculate the appropriate percentage to be retained as vegetation areas. If applied to the subject property, approximately 14 acres would be set aside as RVAs. As an alternative, the developer has proposed dedicating 10 off-site acres, which are located immediately south of the City's boundary, as vegetation areas. In addition, four acres of open space would be retained within the housing development.

Ms. Berens said tomorrow night's public meeting will be held at Cougar Ridge Elementary School. Two public hearings are scheduled for August 4 and September 15. If Council decides to proceed with annexation, the next step is a formal petition for annexation to be filed by property owners and voters in the area. An additional public hearing would be held on the petition for annexation.

Mayor Marshall expressed concern about the desirability of the property offered by the developer as open space due to the presence of coal mines.

Responding to Deputy Mayor Degginger, Mr. Terry confirmed that the RVA requirement is typically satisfied on the same site as the development. An off-site RVA associated with a development has never been approved by Bellevue in the past.

☛ Mr. Degginger moved to extend the meeting to 10:30 p.m., and Mr. Mosher seconded the motion.

☛ The motion to extend the meeting to 10:30 p.m. carried by a vote of 6-0.

Mr. Terry explained that approximately 35 percent of the land area of the Pinnacle subdivision was preserved as RVAs.

Responding to Mayor Marshall, Councilmembers indicated an interest in exploring alternative properties to meet the RVA requirement of the proposed development.

Mr. Lee is disappointed the City has been placed in this position with the tax lot properties. Mr. Creighton feels the situation goes against the state's Growth Management Act.

Mr. Terry summarized staff's interest in informing Councilmembers about the situation and preparing them for the upcoming public hearings. Mayor Marshall encouraged citizens to comment at the hearings. She thanked staff for their creative efforts to identify a reasonable solution.

(g) Puget Sound Energy (PSE) Gas Franchise Renewal – Priorities and Draft Agreement

Nora Johnson, Transportation Assistant Director, provided a presentation on the Puget Sound Energy (PSE) gas franchise renewal agreement. She recalled Council's approval of the PSE electric franchise on May 5 and discussion of the natural gas franchise priorities during the May 27, 2003, Extended Study Session. The natural gas franchise expires in September 2003.

David Kerr, Franchise Manager, reviewed the status of franchise priorities in the renewal agreement. Franchise enforcement and dispute resolution provisions are the same as in the electric franchise agreement. The parties have not yet agreed upon bonding and insurance requirements. Provisions regarding emergency operations and response, the time line and process for utility relocations, protection of the City related to project delays, and third party relocation obligations are all the same as those specified in the electric franchise agreement.

and/or memoranda of understanding. In terms of right-of-way management and control, provisions regarding access to maps and drawings of PSE facilities are the same as those contained in the electric franchise memorandum of understanding. Agreement has been reached regarding the deactivation and abandonment of facilities. A new memorandum of understanding has been created to address system integrity and safety. The MOU allows the City to review maintenance, safety, and inspection plans and records; provides notice of any application for waiver of any gas safety rule; and provides the City the opportunity to review reports and notices filed with state or federal regulators related to safety.

Ms. Johnson noted the July 28 memo in Council's desk packet addressing the insurance issue.

Mayor Marshall thanked staff for providing comparison insurance information for other cities in the desk packet memo.

Responding to Mr. Noble, Mr. Kerr confirmed that the City has requested to be named as an additional insured on PSE's policy. He said the cities of Shoreline and Tacoma are listed as additional insureds under their respective franchise arrangements. Mr. Kerr said many of PSE's franchise agreements were created in the 1980s and did not address insurance requirements at that time.

Responding to Mayor Marshall, Mr. Kerr said PSE objects to naming Bellevue as an additional insured because of the administrative cost of providing additional certificates of insurance and the additional cost of specifying Bellevue as an additional insured. Bellevue's Risk Management division estimates these costs would be nominal.

Responding to Mr. Degginger, Mr. Kerr said the insurance provides comprehensive general liability coverage for premises, operations, explosions, collapse hazards, underground hazards, bodily injury and death, property damage, and general liability.

Mr. Creighton feels it is imperative for the City to be named as an additional insured. He encouraged staff to ensure that the PSE policy contains an aggregate limit adequate to cover all of their additional insureds.

Mayor Marshall noted Council's support of negotiations to date.

At 10:22 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

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